



# HIGHTOWER

Westchester



## Property and Casualty Insurance: Are you Prepared for the Unexpected?

Many property owners are underinsured, placing themselves and loved ones at undue risk. Are you one of them?

What would be the financial consequences to you if your house burned down tomorrow? What if someone slipped and fell on your property, became disabled and won a lawsuit against you? How much could you afford to pay out of pocket for these types of unexpected expenses?

If you fear or don't know the answers to these questions, you are not alone. Despite the great risk of being underinsured, many property owners – including those with significant assets – lack sufficient coverage. Some view the risks as too low to justify the expense. Others simply lack awareness, or the time needed to put the right policies in place. And even among those who have recognized and sought protection, many have undervalued their property, failed to report upgrades, or insured their property's cash value instead of its replacement value.

To help you protect against the unexpected – without becoming overwhelmed by what can be the somewhat daunting and confusing realm of insurance offerings – here is an overview of the space and action steps for pursuing the right policies for you.



<sup>1</sup> Ahrens, Marty and Maheshwari, Radhika. "Home Structure Fires." National Fire Protection Association, October 2021, [https://www.nfpa.org/News-and-Research/Data-research-and-tools/Building-and-Life-Safety/Home-Structure-Fires#:~:text=During%20this%20five%2Dyear%20period,billion%20in%20direct%20property%20damage](https://www.nfpa.org/News-and-Research/Data-research-and-tools/Building-and-Life-Safety/Home-Structure-Fires#:~:text=During%20this%20five%2Dyear%20period,billion%20in%20direct%20property%20damage.). Accessed April 20, 2022. Averages are for five-year period from 2015-2019.

<sup>2</sup> NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters (2022), <https://www.ncei.noaa.gov/access/monitoring/billions/>, DOI: 10.25921/stkw-7w73. Accessed April 20, 2022. Data is adjusted for inflation.

<sup>3</sup> Insurance Information Institute. "Facts + Statistics: Homeowners and renters insurance," <https://www.iii.org/fact-statistic/facts-statistics-home-owners-and-renters-insurance#Unintentional%20Home%20Deaths%20And%20Injuries,%202020>. Accessed April 20, 2022.

## EXPECTING THE UNEXPECTED

The risks that property and casualty insurance protect against might be more probable than you think.

An average of **346,800** home structure fires were responded to by U.S. fire departments over the past five years, causing an annual average of **\$7.3 BILLION** in direct property damage.<sup>1</sup>

In 2021 alone, there were at least **20 WEATHER-RELATED DISASTERS** in the U.S., resulting in a billion dollars or more of damage.<sup>2</sup>

Weather-related disasters resulting in more than a billion dollars of damage are on the rise: The 1980-2021 annual average is **7.7 EVENTS**, and the annual average for the most recent five years (2017-2021) is **17.8**.<sup>2</sup>

There were **113,500** unintentional home deaths and **31,800,000** injuries in 2020 alone.<sup>3</sup>

## Property and Casualty Insurance Overview

When it comes to protecting your assets with property and casualty insurance, significant customization is available. Although they're typically bundled into one "umbrella" policy, P&C insurance can include homeowner's insurance, automobile insurance and power sports insurance, among others.

**Here is a breakdown of the most common insurance options available to you.**



**HOMEOWNERS INSURANCE:** Homeowner's insurance helps protect your home and belongings from the perils of theft, natural disaster and accidental damage. You often have the option to include liability coverage in your policy. This protects you financially should you be found responsible for someone else's injury or damage to their property.



**AUTOMOBILE INSURANCE:** Automobile insurance exists to protect your vehicle(s) from damage and protect you in the event of an accident. It can do this in a variety of ways, depending on which types of coverage you choose. Most states require drivers to carry liability coverage, while some auto lenders might also require collision coverage.



**CONDO INSURANCE:** Similar to homeowner's insurance, condo insurance is meant to protect your dwelling from damage, and it often includes a form of liability protection. Unlike a homeowner's policy, condo insurance protects only against damage to the interior of the unit. Be sure to consult your condo association's policy to determine what's already covered.



**POWER SPORTS INSURANCE:** Among the assets covered by these specialized policies are boats, golf carts, and recreational vehicles like snowmobiles and ATVs. Common power sports policies will help cover damage to the vehicle and provide liability protection in case you're found liable for injury to another.



**ART, JEWELRY AND COLLECTIBLES INSURANCE:** Art and collectibles may not always be fully covered by your homeowners policy. To be sure they are entirely insured, you may need to add them as a "rider" to your policy. However, not all insurers will offer this option.





# The Extra Protection of an Umbrella

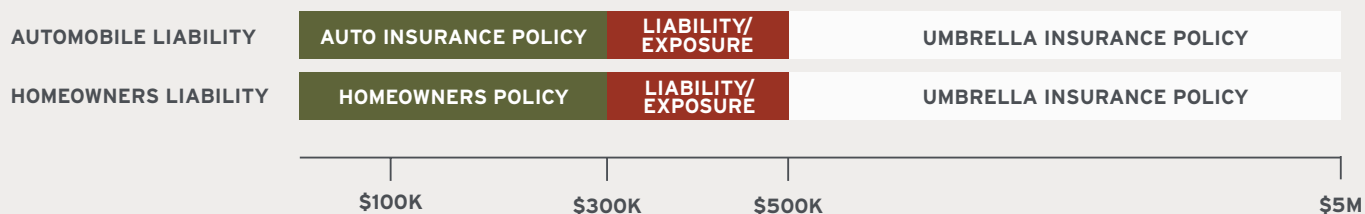
## UMBRELLA LIABILITY COVERAGE

Provides additional liability coverage against judgements in lawsuits in excess of primary home and auto insurance liability coverages

### Scenario #1: No Coverage Gaps

AUTOMOBILE LIABILITY	AUTO INSURANCE POLICY	UMBRELLA INSURANCE POLICY
HOMEOWNERS LIABILITY	HOMEOWNERS POLICY	UMBRELLA INSURANCE POLICY

### Scenario #2: Coverage Gaps



*For Illustrative Purposes Only*

## NEXT STEPS

You do not need to navigate the realm of insurance alone. A licensed financial advisor can help you identify your individual needs and address them with the right insurance products. To start:

- Gather information on your current policies.
- Reach out to your financial advisor, who can coordinate with insurance specialists/agents as needed.
- Prepare to share your entire balance sheet and discuss your holistic financial goals, which should serve as the foundation to all financial planning strategies, including managing risk through proper insurance coverage.





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